

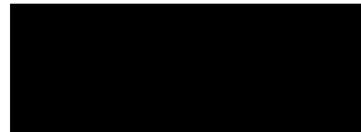
17 September 1965

MEMORANDUM FOR: Chief, Dissemination Control Branch, DD/CR
FROM : Acting Chief, Publications Staff, ORR
SUBJECT : Transmittal of Material

It is requested that the attached copies of CIA/RR CB 65-50, Prospects for Agriculture in Communist Countries as of Mid-August 1965, September 1965, Secret, be forwarded as follows:

State, INR Communications Center,
Room 6527, State Dept. Bldg.
Suggested distribution for
Embassies in Berlin, Bucharest, Budapest,
Moscow, Prague, Sofia, Warsaw, Bonn,
London, Canberra, Hong Kong, and Ottawa

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Attachments:

Copies #210 - #221 of CB 65-50

cc: CGS/RB

ACTION COMPLETED

The dissemination requested by
this memorandum has been completed.

BY: 706
Date: 20 Sept 65

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Project No. 21.4600 Report Series CIA/RR CB 65-50

Title: Prospects for Agriculture in Communist Countries as of Mid-August 1965 (SECRET)

Responsible Analyst and Branch [REDACTED] R/AG 25X1A

RECOMMENDED DISTRIBUTION TO STATE POSTS

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Budapest, Hungary	Hong Kong	Panama
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Prague, Czechoslovakia	Kuala Lumpur, Malaya	Buenos Aires, Argentina
Sofia, Bulgaria	Saigon, Vietnam	Bogota, Colombia
Warsaw, Poland	Seoul, Korea	Santigao, Chile
	Singapore, British Malaya	La Paz, Bolivia
	Taipei, Formosa	Montevideo, Uruguay
	Tokyo, Japan	Caracas, Venezuela
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COMMENTS ON [REDACTED] CRITIQUE OF CIA BRIEF CB 65-50 25X1C

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The following comments are in response to [REDACTED] The

[REDACTED] presents a critique of CIA's early crop estimate for 1965 in

Communist China as presented in CIA/RR CB 65-50, "Prospects for Agriculture

in Communist Countries as of mid-August 1965." 25X1C

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1. [REDACTED] disagrees with the CIA estimate of production of winter wheat

and winter miscellaneous grains in 1965 as being too low. [REDACTED]

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[REDACTED]

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2. CIA does not agree that the material presented in either [REDACTED]

or in the [REDACTED] Cheng-chow announcement of 23 August 1965 is conclusive evidence supporting an estimate of a 1965 winter wheat harvest about equal to that

of 1964. In particular we would like to call to attention the fact that in-

ferences drawn [REDACTED] from the provincial press that the area sown to wheat

was only a "few percent less" than that of 1964 and that the acreage of 1965

crop "was greater than 1963" are not borne out by a compilation of provincial

winter wheat acreage statistics. These statistics are as follows:

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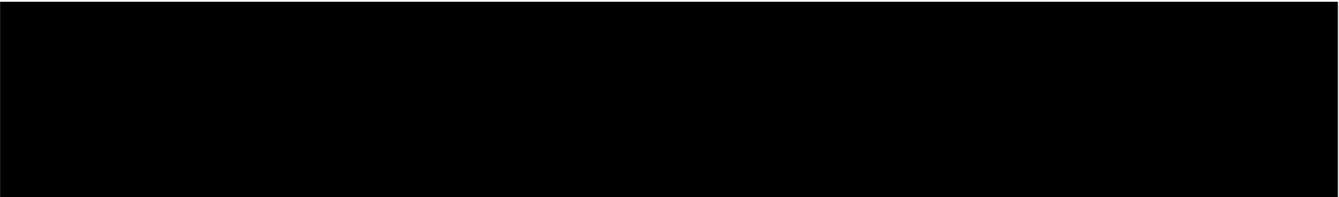
	1963	1964	000 hectares 1965
Shensi	<u>1,467</u>	<u>1,533</u>	<u>1,500</u>
Sinkiang	640	667	740
Szechwan	1,050 (approx)	1,500 (approx)	1,333
Anhwei	1,680 (approx)	1,850 (approx)	1,800
Hopeh	1,533	2,187	1,333
Honan	4,667	4,867	4,000
Shansi	870	933	867
Shantung	<u>3,667</u> <u>15,574</u>	<u>3,867</u> <u>17,404</u>	<u>3,333</u> <u>14,906</u>
Ninghsia	na	60	67
Kiangsu	na	1,214	1,400
Kiangsi	<u>na</u>	<u>150</u>	<u>200</u>
		<u>18,828</u>	<u>16,573</u>
Total China (derived)	20,895	22,385	20,218

It may be noted from the above data that provinces for which data are available for each of the 3 years, 1963-65, normally account for about 75 percent of the total winter wheat acreage. Provinces for which data are available for 1964 and 1965 account for some 83 percent of the total winter wheat acreage. From these data we estimate that the acreage of winter wheat in 1965 was some 10 percent below the level of 1964 and 3 percent below the level of 1963. However, some of the decline in 1965 was made up by the sowing of buckwheat (rapid maturing, but low yielding) in Hopeh and Honan.

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While it is true that Radio Chengchow, Honan, announced on 23 August that the total output achieved in 1965 "represented an increase of more than 40 percent on the 1964 figure", the same editorial admitted that "during wheat sowing last autumn 70 days of continuous rain resulted in extreme difficulties" and only about two-thirds of the target area was successfully sown. Admittedly the target area for sowing is not known, but a sowing plan failure of this magnitude would certainly make suspect a claimed 40 percent increase in production.

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CIA believes that although rainfall was above normal during

April 1965 over most of the winter wheat area, the quantities involved were rather small, ranging from less than one inch (25mm) in Northern Hopeh to around 4 inches (100mm) in the southern extremity of the North China Plain. These quantities are not believed to have been sufficient to compensate for the extremely dry winter and spring nor for the adverse conditions under which the crop was sown. The tardiness in sowing is in itself a factor which the Chinese have admitted normally reduced yields. It should also be noted that

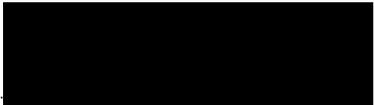
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rainfall during May averaged only about 50 percent of normal over most of the major wheat growing areas, and except for northern Anhwei and northern Kiangsu, was only about 75 percent of normal during June.

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3. With respect to winter miscellaneous grains, CIA does not agree with

 that the production of these crops was about the same as in 1964. These grains, largely barley and beans, are concentrated mainly in southern and central Anhwei, southern Kiangsu, Szechwan, and in Central China. Considerable acreages of winter miscellaneous grains are also found in Honan and southwest China. The acreage of these crops are normally small in South China. It has been admitted by the Chinese that the acreage of winter miscellaneous grains is down in the majority of the more important regions because of the wet autumn of 1964 and a shift of some miscellaneous grain areas into winter wheat. Although most of these provinces claimed that the total acreage of fall-sown crops was "near normal", a larger portion was admittedly devoted to green manure crops (thus reducing the acreage of winter grains, and to a lesser extent, rape). For example, in Szechwan the acreage of all winter grains was reduced from 3,300,000 hectares in 1964 to about 2,827,000 hectares in 1965 and in Hunan from 2,253,000 hectares in 1964 to 2,067,000 hectares in 1965.

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However, the acreage of green manure crops in Hunan increased by 267,000 hectares during this period. The acreage of winter grains was admittedly down in Anhwei in 1965 and in Kiangsu there was a decrease of about 200,000 hectares in winter miscellaneous grains. CIA now believes that the acreage of winter miscellaneous grains was about 15 percent less than in 1964. However, yields are believed to have been relatively better than in the major winter wheat areas, but less than in 1964.

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4. [REDACTED]

[REDACTED] CIA also does not believe that there have been "general crop failures." However, there are strong indications that the winter grains were seriously affected by poor weather conditions in many areas. The extent of crop losses varied between localities and regions. In any event, there is little relationship between the relative bountifulness of the rape harvest and that of the winter wheat harvest since the two crops are, for the most part, grown in different areas of the country. It is believed that the acreage of rape was maintained in 1965 at about the same level as in 1964 (1.9 million hectares) despite serious sowing problems in some areas. This

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crop probably is grown on better land and receives considerably more specialized treatment.

5. CIA's latest assessment of the late harvest (CB 65-62, Oct 65) is that the outlook is currently somewhat more favorable than it was in 1964; however, the increase in the output of fall-harvested grain will at best do little more than compensate for the estimated decline of about 4 million tons in the harvest of early grains.

6. In fact, CIA believes that the total harvest of grain in 1965 will not deviate significantly from the mediocre crop of 1964 which is now estimated to have been between 170 and 175 million tons. While it is true that the population has increased by at least 60 million (end of year 1965) since 1961/62, there has been no significant deterioration in food supplies. This situation has been made possible by net imports of more than 5 million tons of grain per year and by substantial gains in the production of nongrain foods, primarily from the private sector. The availability of nongrain foods is estimated to have increased from 200 calories per capita per day in 1961/62 to 350 calories per capita per day in 1965/66, accounting for 18 percent of the total caloric intake of 1,900 calories per capita per day in 1965/66. This appears to

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correspond with the food consumption levels reported by refugees from South China whose food availability during the 1964/65 consumption year reportedly averaged about 1,900 calories per capita per day. This level is apparently being maintained thus far in 1965/66. The level of production of nongrain foods required to provide 18 percent of the total caloric intake is entirely feasible on the basis of a "mix" of nongrain foods as consumed by refugees from South China in recent years.

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7.

[REDACTED]

reports from

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travelers in recent years have indicated that the food supply has improved greatly over the very poor situation in 1960/61. [REDACTED] however, indicate that the improvement has come about through increased supplies of non-grain foods rather than through increases in the grain ration. In addition, most of the travelers' reports are based on observations in urban areas or in rural areas adjacent to major population centers. There is a significant lack of specific information on the food situation in the remote rural areas, particularly those in North China that have been beset by natural calamities during the past three years. In many of these areas, miscellaneous grains (such as corn, millet, and

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pulses) are a principal staple in the diet. The production of these grains was sharply reduced in the autumn of 1964 and probably will not be significantly better this year. It is believed that rather severe food shortages may have occurred in many areas of North China in the winter and spring of 1965 and may be repeated in some areas during the coming winter and spring. Admittedly, however, it is extremely difficult to generalize on the food situation in the rural areas of a country the size of China. For example, since the breakup of the communes, the production team has been given the responsibility for distribution of foodstuffs to its members. Distribution of grain to team members is made after deducting the government tax and procurement quotas. As a result, food rationing and distribution will vary not only between provinces and counties in China but also between production teams within the same commune.

8. CIA information on Chinese grain contracts for delivery in 1965 and 1966 are as follows:

<u>Source</u>	<u>Amount</u>	<u>Date of Contract</u>	<u>Delivery Date</u>
<u>Argentina</u>	1 million tons	12 Apr '65	Apr-Oct 1965
	100,000 tons	Oct '65	Oct-Nov 1965
	(10% option on above)		
	1.1 million tons		
<u>Australia</u>	1.5 million tons	22 Oct '64	Nov '64-Jun '65
	1.2 million tons	3 Apr '65	June-Dec '65
	2.7 million tons		

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<u>Source</u>	<u>Amount</u>	<u>Date of Contract</u>	<u>Delivery Date</u>
<u>Canada</u>	700,000 tons	22 Jan '65	Feb-June '65
	100,000 tons	28 Jan '65	" " "
	1.5 million tons	24 May '65	Jul '65-Apr '66
	<u>625,000 tons</u>	22 Jul '65	'65-Jul '66
	2.9 million tons		

Total to Date 6.7 million tons

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			BRANCH <i>P/AG</i>
			EXTENSION <i>1501 (2)</i>
SECURITY REVIEW			<i>10 Sep 65 WBS</i> SANITIZING INSTRUCTIONS
ITEM	DATE	INITIALS	REMOVE
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			DELETE
RELEASABLE TO			
FOREIGN RECIPIENT	YES	NO	
[REDACTED]	X		
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Deletions for [REDACTED] 13 Oct 65 WBS

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Pg 1, 2nd footnote, delete "CIA/EE CB 65-47"

See [REDACTED] re release to [REDACTED]

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Delete 2nd footnote, p. 1.

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TO :  25X1A

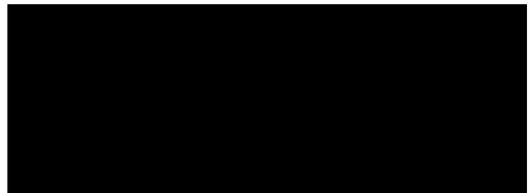
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